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UNITED STATES BANKRUPTCY COURT
DISTRICT OF UTAH, CENTRAL DIVISION

In re: III EXPLORATION II LP,
Debtor.

Bankruptcy No. 16-26471 (RKM)
Chapter 11

DEBTOR'S AMENDED REPORT OF AUCTION RESULTS

The debtor in this case, III Exploration II LP (the “Debtor”), submits the following report of the results of the auction held November 4, 2016 (the “Auction”) pursuant to the Court’s orders [Docket Nos. 94 and 115] approving the Debtor’s proposed bid procedures (collectively, the “Bid Procedures Order”).

1. Prior to the Auction, the Debtor, with the consent of the First Lien Agent,¹ determined that its assets should be divided into four bidding lots (each, a “Lot” and collectively, the “Lots”): (a) assets in the Raton Basin in Colorado; (b) assets in the Williston Basin in North Dakota; (c) assets in the Western Uinta Basin in Utah (operated

¹ Capitalized terms used but not otherwise defined herein are defined in the “Bid Procedures” that are attached to and approved by the Bid Procedures Order.

by Petroglyph Operating Company, an affiliate of the Debtor); and (d) assets in the Eastern Uinta Basin in Utah (operated primarily by QEP Resources).

2. After more than twenty interested parties executed confidentiality agreements and became qualified as Potential Bidders under the Bid Procedures, the Debtor, with the consent of the First Lien Agent, received bids and determined that five potential bidders were Qualified Bidders eligible to participate in the Auction: (a) Juniper Capital / Grey Wolf Oil & Gas (“Juniper”); (b) Summit Resources (“Summit”); (c) QEP Energy (“QEP”); (d) Crescent Point (“Crescent Point”); and (e) Ute Energy.

3. Shortly after receiving the bids, the Debtor, with the consent of the First Lien Agent, determined that no qualified bids had been received for the Raton Basin assets, and withdrew that Lot from the Auction. As to the Williston Basin assets, only one Qualified Bidder, QEP, submitted a bid for that Lot, and the Debtor, with the consent of the First Lien Agent, determined that for a variety of reasons the value of the Williston Basin assets would be maximized by continuing to a later date the Auction as to that Lot.

4. Prior to the Auction, the Debtor notified the Qualified Bidders that each of them was eligible to participate in the Auction and eligible to bid on the Eastern Uinta Basin Lot and/or the Western Uinta Basin Lot at the Auction. Juniper elected not to participate and did not appear at the Auction. The four other Qualified Bidders attended the Auction.

5. The Auction was conducted on November 4, 2016 by the Debtor's counsel, George Hofmann, in the offices of Cohne Kinghorn, P.C. in Salt Lake City. The proceedings of the Auction were transcribed by a court reporter.

6. The opening bid for the Eastern Uinta Basin assets was the qualified bid of Crescent Point, in the amount of \$3.5 million, and no other bids were made at the Auction on that Lot. Therefore, the Debtor, with the consent of the First Lien Holder, declared the **\$3.5 million** bid of Crescent Point as the winning bid for the Eastern Uinta Basin assets, subject to further good-faith negotiations concerning specific terms of a mutually acceptable Purchase and Sale Agreement regarding those assets.

7. The opening bid for the Western Uinta Basin assets was the qualified bid of Crescent Point,² in the amount of \$41.5 million, and the bidding proceeded between Ute Energy and Crescent Point until Crescent Point made its final bid at \$51.5 million for that Lot and Ute Energy then made its final bid of \$52.0 million for that Lot. No higher bids were made, and the Debtor, with the consent of the First Lien Agent, declared the **\$52.0 million** bid of Ute Energy as the winning bid for the Western Uinta Basin assets, subject to the parties working out some ancillary issues in a mutually acceptable Purchase and Sale Agreement regarding those assets, and declared the **\$51.5 million** bid of Crescent Point as the binding backup bid for that Lot pursuant to the Bid Procedures.

² The initial version of the Debtor's Report of Auction Results (Docket No. 148) incorrectly indicated that the opening bid was made by Ute Energy rather than Crescent Point. The Debtor withdrew the initial Report and replaced it with this Amended Report to correct that error.

8. The Debtor, in consultation with the First Lien Agent, is working diligently with Crescent Point and Ute Energy regarding the final terms of mutually acceptable Purchase and Sale Agreements for the sale of the Eastern Uinta Basin assets and the Western Uinta Basin assets, respectively, and will file its motions for approval of those sales at the prices obtain at the Auction as soon as the Purchase and Sale Agreements are finalized.

Dated this 10th day of November, 2016.

COHNE KINGHORN, P.C.

/s/ Steven C. Strong

GEORGE HOFMANN
STEVEN C. STRONG
Attorneys for the Debtor

CERTIFICATE OF SERVICE

I hereby certify that on November 10, 2016, I electronically filed the **DEBTOR'S AMENDED REPORT OF AUCTION RESULTS** with the United States Bankruptcy Court for the District of Utah by using the CM/ECF system:

By Electronic Service: I certify that the parties of record in this case as identified below, are registered CM/ECF users, and will be served notice of entry of the foregoing Order through the CM/ECF System:

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